

Registration number: 05044510

# Broker Network Holdings Limited

Financial Statements

for the year ended 31 December 2014

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## **Broker Network Holdings Limited**

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## **Broker Network Holdings Limited**

### **Strategic report for the year ended 31 December 2014**

The directors present their strategic report for the year ended 31 December 2014 for Broker Network Holdings Limited ("the Company"). The strategic report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future. The Company is part of the Towergate Insurance Limited Group ("the Group").

#### **Principal activities and business review**

The principal activity of the Company is that of a holding company.

The results for the Company show turnover of £Nil (2013: £Nil) and profit on ordinary activities before taxation of £18,678,211 (2013: £Nil) for the year. At 31 December 2014 the Company had net assets of £35,677,766 (2013: £16,999,555).

#### **Outlook**

The directors do not expect there to be any changes in the nature of the business in 2015.

#### **Key performance indicators**

The directors of Towergate Insurance Limited manage the Group's operation on a divisional basis. For this reason, the Company's directors believe that a separate analysis for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of the Group which includes this Company, is discussed in the Group's annual report.

In addition a key performance indicator for the Company is the carrying value of its subsidiary, as this is the main asset of the Company. As discussed in the principal risks and uncertainties section of this report, the performance of the subsidiary undertakings will determine whether an impairment to the carrying value is required and this is tested on a regular basis. There were impairment charges of £2,615,165 in the current year.

#### **Principal risks and uncertainties**

##### **Group restructuring**

On 2 April 2015 control of the Group changed as a consequence of the financial restructuring of the senior secured creditors and senior unsecured creditors of Towergate Finance plc (a former intermediate parent company). As part of this, TIG Finco plc acquired the Group for consideration of £735m made up of (i) the issue of £425m of senior secured notes by TIG Finco plc, and (ii) the issue of new shares in TIG Topco Limited, TIG Finco plc's indirect parent company, valued at £310m.

As a result of these transactions, in April 2015, the Group and its subsidiaries became part of a new group with Highbridge Principal Strategies LLC as the majority shareholder.

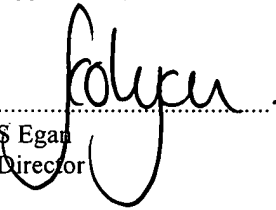
As part of the restructuring, additional capital of £122m was received by the Group through the issue by TIG Topco Limited of new shares for £50m and the issue by TIG Finco plc of £75m of super senior secured notes at a discount of £3m. This capital was raised to provide liquidity to the Group and specifically to fund (i) the costs of the restructuring of £42m; (ii) Long Term Incentive Plans which became payable following the restructuring of £30m; (iii) retention bonuses of £8m; and (iv) minority interest buy outs of £2m.

**Broker Network Holdings Limited**  
**Strategic report for the year ended 31 December 2014**

**Risk management**

The Company's performance and value, as a holding company of the Group, is integrated with its investment in the Company's subsidiaries. Accordingly a principal risk of this holding Company is the trading performance of its subsidiaries. Trading performance in subsidiaries could create the need for impairment leading to a reduction in net assets and distributable reserves of the Company. Each subsidiary sets performance targets for the year ahead and performance is reviewed regularly against these targets. Reasons for under performance are monitored and mitigating actions are taken. Investments are reviewed for impairment to ensure the appropriate carrying value for each investment in the holding company's accounts.

Approved by the Board on 29 July 2015 and signed on its behalf by:

  
.....  
S Egan  
Director

## **Broker Network Holdings Limited**

### **Directors' Report for the year ended 31 December 2014**

The directors present their report and the financial statements for the year ended 31 December 2014.

#### **Directors of the Company**

The directors who held office during the year were as follows:

S Egan

T Robson-Capps

M S Hodges (resigned 17 October 2014)

G J Duggan (resigned 19 December 2014)

S Zaczekiewicz (resigned 5 January 2015)

A C Homer (resigned 2 April 2015)

#### **Dividends**

The directors do not recommend a final dividend to be made in respect of the financial year ended 31 December 2014 (2013: £Nil).

#### **Political and charitable donations**

The Company made charitable donations of £Nil (2013: £Nil) and political donations of £Nil (2013: £Nil) during the year.

#### **Going concern**

The financial statements of the Company set out on pages 8 to 22 have been prepared on a going concern basis. The directors believe the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due. Further details of this assessment can be found in note 1 to these financial statements.

#### **Post balance sheet event**

The Group has undergone a financial restructuring which completed in April 2015 of which this company is a guarantor, details of this restructuring are included in note 16.

#### **Directors liabilities**

All directors benefit from qualifying third-party indemnity provisions in place during the financial period and at the date of this report.

#### **Disclosure of information to the auditors**

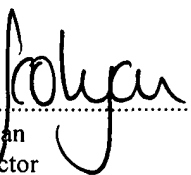
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

**Broker Network Holdings Limited**  
**Directors' Report for the year ended 31 December 2014**

**Reappointment of auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 29 July 2015 and signed on its behalf by:

  
.....  
S Egan  
Director

Hexagon House  
Grimbald Crag Close  
St James Business Park  
Knaresborough  
North Yorkshire  
HG5 8PJ

## **Broker Network Holdings Limited**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**Broker Network Holdings Limited**  
**Independent auditor's report to the members of Broker Network Holdings Limited**

We have audited the financial statements of Broker Network Holdings Limited for the year ended 31 December 2014, set out on pages 8 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

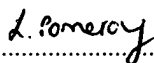


**Broker Network Holdings Limited**  
**Independent auditor's report to the members of Broker Network Holdings Limited**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

  
.....  
Lawrence Pomeroy (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

Date:.....29/7/15.....

**Broker Network Holdings Limited**  
**Profit and loss account for the year ended 31 December 2014**

	Note	2014 £	2013 £
Income from shares in group undertakings		21,293,376	-
Amounts written off investments	7	<u>(2,615,165)</u>	<u>-</u>
Profit on ordinary activities before taxation	2	18,678,211	-
Tax on ordinary activities	5	<u>-</u>	<u>(1,237)</u>
Profit/(loss) for the financial year	12	<u><u>18,678,211</u></u>	<u><u>(1,237)</u></u>

Turnover and operating profit derive wholly from continuing operations.

The Company has no recognised gains or losses for the year other than the results above.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

**Broker Network Holdings Limited**  
**(Registration number: 05044510)**  
**Balance sheet as at 31 December 2014**

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Investments	7	9,507,174	12,122,339
<b>Current assets</b>			
Debtors	8	35,322,247	20,584,623
Cash at bank and in hand		272	272
		<u>35,322,519</u>	<u>20,584,895</u>
Creditors: Amounts falling due within one year	9	<u>(9,121,927)</u>	<u>(15,677,679)</u>
Net current assets		<u>26,200,592</u>	<u>4,907,216</u>
Total assets less current liabilities		35,707,766	17,029,555
Creditors: Amounts falling due after more than one year	10	<u>(30,000)</u>	<u>(30,000)</u>
Net assets		<u><u>35,677,766</u></u>	<u><u>16,999,555</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	314,084	314,084
Share premium reserve	12	2,328,428	2,328,428
Profit and loss account	12	<u>33,035,254</u>	<u>14,357,043</u>
Shareholder's funds		<u><u>35,677,766</u></u>	<u><u>16,999,555</u></u>

Approved by the Board on 29 July 2015 and signed on its behalf by:

  
 .....  
 S Egan  
 Director

**Broker Network Holdings Limited**  
**Reconciliation of movement in shareholder's funds as at 31 December 2014**

	2014	2013
	£	£
Profit/(loss) attributable to the shareholder's of the Company	<u>18,678,211</u>	<u>(1,237)</u>
Shareholder's funds at 1 January	<u>16,999,555</u>	<u>17,000,792</u>
Shareholder's funds at 31 December	<u><u>35,677,766</u></u>	<u><u>16,999,555</u></u>

# **Broker Network Holdings Limited**

## **Notes to the financial statements for the year ended 31 December 2014**

### **1 Accounting policies**

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom (UK Generally Accepted Accounting Practice) and under historical cost accounting rules.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly-owned subsidiary of Towergate Insurance Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of Towergate Insurance Limited, within which the Company is included, can be obtained from the address given in note 15.

#### ***Going concern***

The financial statements of the Company set out on pages 8 to 22 have been prepared on a going concern basis. The directors believe the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due as described below.

At 31 December 2014 the Company had net assets of £35,677,766 (2013: £16,999,555) and net current assets of £26,200,592 (2013: £4,907,216). The net assets include an amount owed by group undertakings of £35,313,999 (2013: £20,531,375) and an amount due to group undertakings of £9,117,927 (2013: £15,675,679). The Company was one of a number of subsidiary undertakings who at 31 December 2014 guaranteed bank and bond debt owed by Towergate Finance plc, an intermediate holding company in the Group (note 13).

In reaching their view on preparation of the Company's financial statements on a going concern basis and the recoverability of amounts owed by Group undertakings, the directors have therefore considered significant uncertainties facing the Group that existed at the balance sheet date of 31 December 2014 and subsequent actions and developments in the period up to the date of approval of these financial statements.

The uncertainties that existed at the balance sheet date were disclosed on 19 November 2014 in the consolidated financial statements of Towergate Holdings II Limited, an intermediate parent company in the Group, for the period ended 30 September 2014. Those consolidated financial statements highlighted uncertainties over that group's operational cash flow and liquidity requirements and respective management actions, some of which required the agreement of third parties, the successful renegotiation of that group's financial covenant attaching to a fully drawn £85.0m revolving credit facility and the quantum, timing and recoveries of customer redress payments relating to advice given by the Group's Towergate Financial businesses.

On 2 April 2015 control of the Group changed as a consequence of the financial restructuring of the senior secured creditors and senior unsecured creditors of Towergate Finance plc (an intermediate parent company in the Group). As part of this, TIG Finco plc acquired the Group for consideration of £735.0m and additional capital was made available of £122.0m through the issue by TIG Topco Limited of new shares for £50.0m and the issue by TIF Finco plc of £75.0m of super senior secured notes at a discount of £3.0m. This capital was raised to provide liquidity and to fund the costs of the restructuring of £82.0m.

## **Broker Network Holdings Limited**

### **Notes to the financial statements for the year ended 31 December 2014**

At the date of approval of these financial statements, on the basis of cash flow forecasts prepared under the new structure, the directors believe that this restructuring removes the uncertainties highlighted over the Group's operational cash flow and liquidity requirements. In addition, the £85.0m revolving credit facility has been repaid in full removing the financial covenant obligations faced by the Group.

The Group sold the Towergate Financial Group of businesses on 16 March 2015. As part of the sale the potential liabilities in relation to the advice given on the sale of Enhanced Transfer Values and Unregulated Collective Investment Schemes remain with the Group. Given the number of material uncertainties that continue to exist, it is not yet possible to make a reliable estimate of the Group's ultimate liability in connection with these investigations. However, purely for the purposes of developing business plans and cash flow projections for the Group, a range of £65.0m to £85.0m has been adopted as a potential redress cost, excluding expenses. No provision has been recognised in this Company for the redress costs or expenses for the past business review as the issue relates to the Towergate Financial Group of businesses only.

On the basis of their assessment of the Company's financial position and of the Group's ability to continue to provide such support as might be required, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### ***Fixed asset investments***

Fixed asset investments are stated at historical cost less impairment for any diminution in value.

#### ***Impairment of fixed assets***

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units. An income-generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

#### ***Calculation of recoverable amount***

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

#### ***Reversals of impairment***

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### ***Income from group undertakings***

UK dividend income is included in the financial statements when the investments concerned are quoted ex-dividend and shown net of any associated tax credit.

**Broker Network Holdings Limited**  
**Notes to the financial statements for the year ended 31 December 2014**

***Taxation***

The tax expense for the period comprises current and deferred tax. Income tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legal enforcement right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxation authority which permits the Company to make a single net payment.

***Share capital***

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

**Broker Network Holdings Limited**  
**Notes to the financial statements for the year ended 31 December 2014**

**2 Operating profit**

Operating profit is stated after charging:

	2014	2013
	£	£
Amounts written off investments	2,615,165	-
Auditors remuneration - audit of these financial statements	<u>-</u>	<u>-</u>

In the current year the audit fee has been borne by another company within the Group, which has made no recharge to the Company.

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of Towergate Insurance Limited, being the largest Group in which the results of the Company are consolidated.

**3 Staff costs**

The Company had no employees in the current year or the preceding year. All administration is performed by employees of the Group, for which the costs are borne in other group companies who make no recharge to the Company.

**4 Directors' remuneration**

The emoluments of Messrs Homer, Egan and Hodges are paid by other Group companies, which make no recharge to the Company. These directors are directors of the ultimate parent company and / or a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the financial statements of the ultimate parent company.

The remuneration of Messrs Duggan, Robson-Capps and Zaczkiewicz have been shown in the financial statements of The Broker Network Limited. It is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries.



**Broker Network Holdings Limited**  
**Notes to the financial statements for the year ended 31 December 2014**

**5 Taxation**

**Tax on profit on ordinary activities**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>-</u>	<u>1,237</u>

**Factors affecting current tax charge for the year**

The tax on profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK (2013 - the same as the standard rate of corporation tax in the UK ) of 21.49% (2013 - 23.25%).

The differences are reconciled below:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u>18,678,211</u>	<u>-</u>
Corporation tax at standard rate	4,013,947	-
Expenses not deductible for tax purposes	561,999	-
Exempt dividend income	<u>(4,575,946)</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) was substantively enacted on 2 July 2013, and a further reduction to 20% (effective from 1 April 2015) was also substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

**Broker Network Holdings Limited**  
**Notes to the financial statements for the year ended 31 December 2014**

**6 Tangible fixed assets**

	Motor vehicles £	Computer £	Total £
<b>Cost</b>			
At 1 January 2014	360	116,685	117,045
Disposals	<u>(360)</u>	<u>-</u>	<u>(360)</u>
At 31 December 2014	<u>-</u>	<u>116,685</u>	<u>116,685</u>
<b>Depreciation</b>			
At 1 January 2014	360	116,685	117,045
Eliminated on disposals	<u>(360)</u>	<u>-</u>	<u>(360)</u>
At 31 December 2014	<u>-</u>	<u>116,685</u>	<u>116,685</u>
<b>Net book value</b>			
At 31 December 2014	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2013	<u>-</u>	<u>-</u>	<u>-</u>

**Broker Network Holdings Limited**  
**Notes to the financial statements for the year ended 31 December 2014**

**7 Investments held as fixed assets**

	2014 £	2013 £
Shares in group undertakings and participating interests	<u>9,507,174</u>	<u>12,122,339</u>
		<b>Subsidiary undertakings £</b>
<b>Cost</b>		
At 1 January 2014		<u>12,122,339</u>
At 31 December 2014		<u>12,122,339</u>
<b>Provision for impairment</b>		
Charge for year		<u>2,615,165</u>
At 31 December 2014		<u>2,615,165</u>
<b>Net book value</b>		
At 31 December 2014		<u>9,507,174</u>
At 31 December 2013		<u>12,122,339</u>

The charge for the year relates to impairment of the investment in Oyster Risk Solutions limited by £240,000 to £Nil and £2,375,165 in Townfrost Limited, which ceased to trade on 31 March 2014 and has therefore been written down to be held at a net book value equal to the capital and reserves of Townfrost Limited.

**Details of undertakings**

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Broker Network Limited	England	Ordinary	100%	Insurance
Broker Network Insurance Brokers Limited	England	Ordinary	100%	Dormant
London Broking Services Limited	England	Ordinary	100%	Dormant
Townfrost Limited	England	Ordinary	100%	Dormant
Oyster Risk Solutions Limited	England	Ordinary	87.5%	Insurance Broking

**Broker Network Holdings Limited**  
**Notes to the financial statements for the year ended 31 December 2014**

**8 Debtors**

	2014	2013
	£	£
Amounts owed by group undertakings	35,313,999	20,531,375
Other debtors	-	45,000
Deferred tax	8,248	8,248
	<u>35,322,247</u>	<u>20,584,623</u>

**Analysis of deferred tax**

	2014	2013
	£	£
Difference between accumulated depreciation and amortisation and capital allowances	<u>8,248</u>	<u>8,248</u>

**9 Creditors: Amounts falling due within one year**

	2014	2013
	£	£
Amounts owed to group undertakings	9,117,927	15,675,679
Other creditors	4,000	2,000
	<u>9,121,927</u>	<u>15,677,679</u>

**10 Creditors: Amounts falling due after more than one year**

	2014	2013
	£	£
Deferred consideration	<u>30,000</u>	<u>30,000</u>

**Broker Network Holdings Limited**  
**Notes to the financial statements for the year ended 31 December 2014**

**11 Share capital**

**Allotted, called up and fully paid shares**

	No.	2014 £	No.	2013 £
Ordinary Shares of £0.02 each	<u>15,704,224</u>	<u>314,084</u>	<u>15,704,224</u>	<u>314,084</u>

**12 Reserves**

	Share premium account £	Profit and loss account £	Total £
At 1 January 2014	2,328,428	14,357,043	16,685,471
Profit for the year	<u>-</u>	<u>18,678,211</u>	<u>18,678,211</u>
At 31 December 2014	<u>2,328,428</u>	<u>33,035,254</u>	<u>35,363,682</u>

# Broker Network Holdings Limited

## Notes to the financial statements for the year ended 31 December 2014

### 13 Contingent liabilities

#### Guarantees

On 10 May 2013 Towergate Finance Plc completed a partial refinancing of the group's borrowings and outstanding bank debt at that date of £394.0m was repaid in full. As part of the refinancing a new £85.0m revolving credit facility with a syndicate of banks, led by Lloyds Banking Group plc ("Towergate Facilities") was put in place and Senior Secured Floating Rate Notes of £396.0m were issued by Towergate Finance Plc. In addition, £14.6m of 8.5% Senior Secured Notes were exchanged for additional 10.5% Senior Notes.

The obligations of Towergate Finance plc under the Towergate Facilities as well as its obligations under the Floating Rate Senior Secured Notes, the 8.5% Senior Secured Notes and the 10.5% Senior Notes are guaranteed by Towergate Holdings II Limited and all its material and certain other subsidiaries.

These companies are listed below:

Towergate Finance plc	Cullum Capital Ventures Limited
Towergate Holdings II Limited	Four Counties Finance Limited
Towergate Insurance Limited	Capital & County Insurance Brokers Limited
Fusion Insurance Holdings Limited	Three Counties Insurance Brokers Limited
Fusion Insurance Services Limited	CCV Risk Solutions Limited
The Hayward Holding Group Limited	Just Insurance Brokers Limited
Hayward Aviation Limited	Cox Lee & Co Limited
Paymentshield Group Holdings Limited	Portishead Insurance Management Limited
Paymentshield Holdings Limited	HLI (UK) Limited
Paymentshield Limited	Berkeley Alexander Limited
Broker Network Holdings Limited	Protectagroup Acquisitions Limited
The Broker Network Limited	Protectagroup Holdings Limited
The TF Bell Group Limited	Protectagroup Limited
TF Bell Holdings Limited	Crawford Davis Insurance Consultants Limited
Townfrost Limited	Roundcroft Limited
Towergate Underwriting Group Limited	Richard V Wallis & Co Limited
Towergate Risk Solutions Limited	Moffatt & Co Limited
Towergate London Market Limited	Countrywide Insurance Management Limited
Oyster Risk Solutions Limited	Eclipse Park Acquisitions Limited
TL Risk Solutions Limited	Managing Agents Reference Assistance Services Limited

## Broker Network Holdings Limited

### Notes to the financial statements for the year ended 31 December 2014

As part of the restructuring on 2 April 2015, as discussed in note 1, the obligations of TIG FinCo plc under the Floating Rate Senior Secured Notes, the 8.75% Senior Secured Notes and the Floating Rate Super Senior Secured are guaranteed by Towergate MidCo Limited, the immediate parent company of Towergate FinCo plc and all its material and certain other subsidiaries.

These companies are listed below:

Berkeley Alexander Limited	Protectagroup Limited
Capital & County Insurance Brokers Limited	Richard V Wallis & Co Limited
Countrywide Insurance Management Limited	Roundcroft Limited
Cox Lee & Co Limited	T F Bell Holdings Limited
Crawford Davis Insurance Consultants Limited	T L Risk Solutions Limited
Cullum Capital Ventures Limited	The Broker Network Limited
Four Counties Finance Limited	The T F Bell Group Limited
Fusion Insurance Holdings Limited	Three Counties Insurance Brokers Limited
Fusion Insurance Services Limited	Towergate London Market Limited
HLI (UK) Limited	Townfrost Limited
Just Insurance Brokers Limited	CCV Risk Solutions Limited
Managing Agents Reference Assistance Services Limited	Eclipse Park Acquisitions Limited
Moffatt & Co Limited	Towergate Risk Solutions Limited
Paymentsshield Holdings Limited	Broker Network Holdings Limited
Paymentsshield Limited	Oyster Risk Solutions Limited
Portishead Insurance Management Limited	Paymentsshield Group Holdings Limited
Protectagroup Acquisitions Limited	Towergate Underwriting Group Limited
Protectagroup Holdings Limited	Towergate Insurance Limited

#### 14 Related party transactions

The Company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other wholly owned members of the Group.

	31 December 2014		31 December 2013	
	Paid to / (received from)	Outstanding at year end	Paid to / (received from)	Outstanding at year end
	£'000	£'000	£'000	£'000
Oyster Risk Solutions Limited	(£3,327,154)	£Nil	£Nil	£3,327,154

**Broker Network Holdings Limited**  
**Notes to the financial statements for the year ended 31 December 2014**

**15 Control**

At the balance sheet date the ultimate parent company of the Company was Towergate PartnershipCo Limited. As part of the restructuring on 2 April 2015, as discussed in note 1, the ultimate holding company of the Group is now Sentry Holdings Limited and the parent company of the largest Group in which the results of the Company will be consolidated is TIG TopCo Limited.

At 31 December 2014 the parent company of the largest Group in which the results of the Company were consolidated was Towergate Insurance Limited.

These consolidated financial statements are available upon request from:

Towergate House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent  
ME14 3EN

**16 Post balance sheet events**

On 2 April 2015 the Group completed a financial restructuring in relation to the senior secured creditors and senior unsecured creditors of Towergate Finance plc, a former intermediate parent company. As part of these arrangements TIG Finco plc (a newly formed holding company) acquired the Group for consideration of £735.0m made up of the issue of £425.0m of Senior Secured Notes by TIG Finco plc and the issue of new shares in TIG Finco plc's indirect parent company, TIG Topco Limited, valued at £310.0m. The impact on the Group of this restructuring is to change the debt being guaranteed by this Group.

As a result of these arrangements, in April 2015 funds controlled or managed by Highbridge Principal Strategies LLC became the Group's majority shareholder.

As part of the financial restructuring, additional capital of £122.0m was received by the Group through the issue by TIG Topco Limited of new shares for £50.0m and the issue by TIG Finco plc of £75.0m of Super Senior Secured Notes at a discount of £3.0m. The additional funds, which have been passed to the Group through a loan arrangement, provide liquidity to the Group and have enabled it to fund the restructuring costs of £42.0m, the vesting of long term incentive plans which have crystallised (or will in the future crystallise as a result of the restructuring) of £30.0m, retention bonuses of £8.0m and minority interest buy outs of £2.0m.